

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 07668 280308Z

70 12

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-20 NSC-07

 DRC-01 SSO-00 NSCE-00 INRE-00 /074 W

 ----- 063811

O 270952Z JUN 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 4735

AMEMBASSY KUALA LUMPUR IMMEDIATE

LIMITED OFFICIAL USE MANILA 7668

C O R R E C T E D C O P Y

CIVAIR DEL MEADOWS

E.O. 11652: N/A

TAGS: EGEN, ETRN, US, RP

SUBJECT: CIVAIR US/RP NEGOTIATIONS

REF: (A) STATE 137638 (B) MANILA 7666 (C) MANILA 7446

1. SUMMARY. EMBASSY FINDS FIRST ALTERNATIVE PROPOSED
PARA 4 REF A LIKELY TO BE MORE THAN TRAFFIC WILL BEAR, BUT
SEES PROMISE IN POSSIBLE VARIATIONS SUGGESTED PARAS 6
AND 7. GOP PROBLEMS WITH FIRST ALTERNATIVE ARE (A) CIM-
MITMENT TO A CAPACITY REGIME WHICH IN TWO YEARS WILL BE
SUBSTANTIALLY BALANCED IN US FAVOR; (B) IMMEDIATE GRANT
OF HONG KONG; AND (C) EXPLICIT PROGRAM TO RETAIN AND
EXPAND PRESENT ALL CARGO SERVICES. BELIEVE A COMPROMISE
POSSIBLE ON BASIS PROPOSAL OUTLINED BELOW. END SUMMARY.

2. EVERYONE ON US SIDE, EXCEPT NWA SEEMS AGREED THAT A
ONE YEAR PROPOSAL AS ADVANCED BY ROMULO IS NOT ENOUGH
REWARD FOR THE SUBSTANTIAL OPPORTUNITY OPENED TO PAL
WITH INAUGURATION OF DC-10S AND ENTRY OF GUAM MARKET.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 07668 280308Z

EMBASSY AGREES BUT HAS TRIED, ESPECIALLY IN DISCUSSION

WITH PANAM REPS (HALE AND MACKENZIE) TO POINT OUT THAT THERE ARE REAL RISKS OF OVERLOADING THIS DEAL. WHEN ALL IS SAID AND DONE, CROSSING THAT LINE BROUGHT TALKS TO A HALT. AS A RESULT THOSE TALKS, HOWEVER, WE KNOW THE CRITICAL GOP STICKING POINTS:

(A) A REGIME THAT RUNS MUCH BEYOND THEIR CLEAR INTERESTS IN DC-10S AND GUAM IS HARD TO GET THEM FOCUSED ON. SUSPICIONS AND WORRIES MOUNT RAPIDLY THEREAFTER;

(B) PAYMENT FOR GUAM THEY FEEL ALREADY HAS BEEN MADE. A DEAL THAT EXTRACTS NEW PAYMENT (HONG KONG) AND INSISTS ON BINDING AS WELL AS EXPANDING THE OLD PAYMENT (FTL) IS MORE THAN THEY EXPLICITLY SEEM ABLE TO SWALLOW.

(C) A CAPACITY REGIME THAT MATERIALLY OUTWEIGHS PAL GAINS IN GAINS FOR PANAM AND NWA HAS, AND EVIDENTLY WILL CONTINUE TO TURN GOP OFF. THE TOTAL CAPACITY REGIME AT THE END OF TWO YEARS UNDER OUR FIRST ALTERNATIVE RUNS ABOUT 3:2 IN OUR FAVOR ASSUMING PAL CONFIGURES THE DC-10 AS AN AIRBUS AND IT WOULD BE CLOSE TO PARITY ON A 60 PERCENT USSEAT AVAILABILITY, ONLY ON THE SAME DC-10 (PLUS - 350) SEATING ASSUMPTION.

3. WE DO NOT SEE A SALEABLE PACKAGE, THEREFORE, IN THE FIRST ALTERNATIVE, BUT WE ARE ALSO EAGER TO GET BIGGEST AND MOST ENDURING POSSIBLE DEAL? FOR WASHINGTON CONSIDERATION, AND, WE HOPE, FOR EXTENSIVE COMMENT FROM KL, WE SEE SOME PROMISE IN THE FOLLOWING:

A. TWO-YEAR CAPACITY REGIME AS FOLLOWS:

	JULY 15, 1974	JUNE 1, 1975
PAL	3 DC-10S	7DC-10S

3 DC 8-63S

1 DC 8-50

NWA	3 B-747S	4 B-747S
-----	----------	----------

PANAM	3 B-747S	4 B-747S
-------	----------	----------

B. GUAM WILL BE ADDED TO PAL'S FOREIGN AIR CARRIER LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 07668 280308Z

PERMIT, INCLUDING FULL TRAFFIC RIGHTS TO AND THROUGH ON ALL FLIGHTS.

C. HONG KONG OR BANGKOK OR SINGAPORE WILL BE ADDED TO PANAM'S PICAB PERMIT WITH FULL TRAFFIC RIGHTS ON ALL FLIGHTS.

D. TACITLY NEITHER SIDE WILL UNDERTAKE TO ALTER THE PRESENT ALL-CARGO REGIME FOR THE AGREED LIFE OF THE ABOVE

ARRANGEMENT.

E. ALL THE FOREGOING ARRANGEMENTS TO ENTER INTO
EFFECT ON EXCHANGE OF NOTES.

4. WE ARE STILL NOT REPEAT NOT CERTAIN THAT A ONE-YEAR DEAL
INVOLVING HONG KONG OR ANOTHER ACCEPTABLE BEYOND POINT FOR
PANAM IS OUT OF THE BALLPARK, BUT WE THINK THE TWO YEAR
DEAL SHOULD BE GIVEN A THOROUGH TRY.

5. TEXTS REQUESTED REF A TRANSMITTED MANILA 7666.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, POLICIES, NEGOTIATIONS, AIR ROUTES, AIR SCHEDULES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA07668
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740171-0139
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974069/aaaaagzb.tel
Line Count: 127
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 137638 (B) MANILA 7666 (C)
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2002 by kelleyw0>; APPROVED <24 MAR 2003 by BoyleJA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR US/RP NEGOTIATIONS
TAGS: EGEN, ETRN, US, RP
To: STATE KUALA LUMPUR
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005